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ABSTRACT

This publication presents seven facts about spending and performance in the New York City public schools. The topics addressed include: (1) overall spending is rising, with the rate rising particularly rapidly in the past 5 years; (2) the spending gap between schools in the city and in other localities is widening, with much of this due to the extremely rapid rate of growth in per pupil spending outlays in the increasingly well-off, largely suburban counties; (3) New York spending is high by national standards, and New York City spends just over 30 percent more on average per pupil than the nation does; (4) class size and student-teacher ratios are smaller, but the bureaucracy is larger; (5) only about 55 percent of total public school spending goes to classroom instruction, and only four-fifths of that 55 percent goes to compensate teachers; (6) special education accounts for 25 percent of all spending, though New York City's special education students represent only 12 percent of overall enrollments; and (7) students in New York City's public schools are still underperforming despite the infusion of funds and personnel. (SM)

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# New York City's Public Schools: The Facts About Spending and Performance

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Everyone now recognizes that New York City's public schools, with too few exceptions, are not educating New York City's children. Some argue that the problem is money, or more accurately, the lack of money. They contend that if only the Board of Education received considerably more money than it now gets, the system, as it is presently constituted, would be able to accomplish its mission. The resource issue has been highlighted by the recent court decision in the *Fiscal Equity* case.

Is this argument correct? Are New York City's public schools that much underfunded? And just as importantly, can citizens be confident that any significantly increased funding would be put to good use?

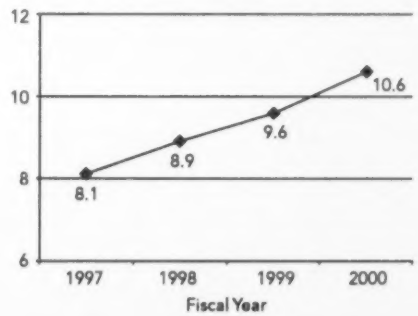
A good hard look at the facts concerning the fiscal status of our Board of Education yields some interesting information and raises many questions that must answered before any new funding commitments are made.

## Fact #1: Overall Spending is Rising

In fiscal 2000, New York City's K–12 public education system will spend $10.6 billion in current operating costs alone. After adjusting for inflation, the average amount spent per pupil in the city's public schools has risen by 48 percent since 1970, outstripping the rate of increase over that period in the U.S.'s real per capita income (as well as that of the comparable New York City figure).

Spending has risen at an extremely rapid rate in the past five years. Per-pupil outlays in the city's schools rose by 20 percent in inflation-adjusted terms between the 1997 and 2000 school years. In nominal terms, spending has increased from $8.1 billion in the 1997 school year to today's $10.6 billion. The sharp cuts experienced earlier in the decade have by now been more than made up.

School Spending in Billions

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### Fact #2: Spending Gap Between City and Other Localities is Widening

Within New York State itself, the gap between what is spent on the average public school pupil in New York City and in the balance of the state has been widening over the past few decades to the City's disadvantage. In 1970, per pupil expenditures in New York City was seven percent above the rest of the state; by the 1997–98 school year, it was 14 percent below. Looked at more closely, much of this divergence occurred during the 1990s, and is accounted for by the extraordinarily rapid rate of growth in per pupil outlays in the increasingly well off, largely suburban counties—Westchester, Nassau, Suffolk and Rockland—which ring New York City. New York City fares considerably better in this respect when the comparison is made with "upstate" New York.

*In nominal terms, spending has increased from $8.1 billion in the 1997 school year to today's $10.6 billion.*

### Fact #3: New York Spending is High by National Standards

However, compared with the rest of the U.S., New York is a very high spending state as far as K-12 education is concerned. As of the late 1990s, per pupil expenditures in New York State were 44 percent higher than the comparable national figure. The only State that spends more is New Jersey. And New York City itself spends just over 30 percent more on average per pupil than the nation does and 36 percent more if the comparison is confined to the circle of the U.S.'s next 99 school districts ranked by enrollment size.

### Fact #4: Class Size is Smaller, Bureaucracy is Larger

More money, nationally as well as locally, has bought the very things that one would think should be conducive to better educational performance by students. Class sizes and pupil-teacher ratios have fallen. In the mid-1950s according to the U.S. Census Bureau's Survey of Education, New York City's public schools enrolled 1.1 million students, just about the same number as they do at the century's end. However, then the teaching staff stood at 35,000. Forty-five years later the comparable figure stood at 92,000. The pupil-teacher ratio has fallen from over 30:1 in the mid-1950s to about 12:1 today.

However, the bureaucracy has grown even faster than the teaching corps. The BOE's Central Office was spareness personified; in the 1950's it had fewer than 200 persons running the show. By the late 1990's, the head count at 110 Livingston stood at 3,700, with another 1,200 administrators in the district offices, for a grand total of 4,900.

### Fact #5: Only 55 Percent of this Spending Goes to Instruction

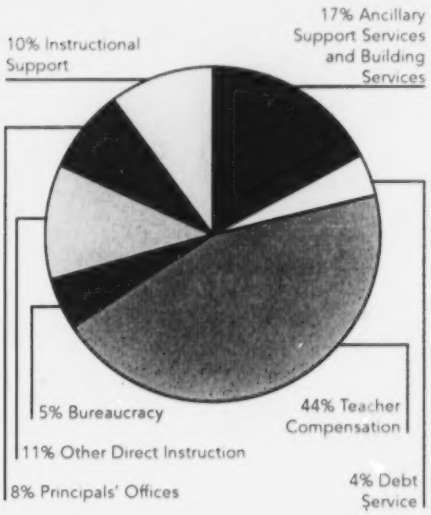
For the last four years the Board of Education has issued detailed analyses of what its money actually ends up getting spent on and for. These reports, available on the Internet, provide a detailed description of how specific inputs, expressed in dollar terms (e.g., payments for teachers, principals, assistant principals, education paraprofessionals, drug prevention programs, etc.) are combined to produce three types of educational services—General Education, Part-time and Full-time Special Education—at the city, district, and all the way down to the individual school level.

These spending patterns are further sorted into a variety of functional categories which show how much of the considerable sums of money coursing through this system end up being spent for what is widely regarded as the heart of the educational enterprise, Classroom Instruction. In fiscal 2000, approximately 55 percent of total public school spending will fall into this category. Of

this sum, four-fifths will go to compensate teachers. So when all is said and done, only 44 percent of all spending by the BOE in the latest school year for which data is available went toward the compensation of classroom teachers.

Of the balance, 17–18 percent pays for what the Board calls Ancillary Support Services and Building Services. Ancillary Support Services covers food services, transportation, school safety, and school-level computer system support. Building Services covers custodial services, building maintenance, building leases, and energy costs. Instructional Support accounts for 9–10 percent of the total. This pays for attendance expenses, record-keeping, social work, counseling, student appraisal, record maintenance, and placement services. Leadership/Supervision/Support, eight percent of the total, is the cost of running the principal's offices within the schools themselves. Three percent goes to pay for the operations of the Central Board; two percent pays for District and Superintendency costs; and four percent pays for debt service obligations.

How Education Dollars are Spent




## Fact #6: Special Education Accounts for 25 Percent of all Spending

Although New York City's special education students represent only 12 percent of overall enrollments, they account for a quarter of all expenditures. Special education programs are inherently expensive because of their smaller class sizes and the high costs of the specialized assistance its students receive. This affects the amount the Board can spend on the bulk of its students.

This brings the average per-pupil expenditures for General Education students down to $7,683. Compare this to the per-pupil expenditure for full-time special education students—$34,272. Even part-time special education students are expensive to educate—$23,257.

*Student performance in New York City has failed to respond to this infusion of funds and personnel. Instead, performance has deteriorated in a significant manner as it has in virtually all other big-city school districts.*

Special education students still do not perform well on standardized tests, despite the large sums spent on their educations. In 1999, only four percent of elementary school students in special education were at an acceptable level in reading and math.

## Fact #7: New York's Public Schools are Still Underperforming

Student performance in New York City has failed to respond to this infusion of funds and personnel. Instead, performance has deteriorated in a significant manner as it has in virtually all other big-city school districts.

Only 50 percent of New York City students finish high school within the traditional four years.



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When one extends the high school completion period to seven years, the rate still rises to only 70 percent. And these completion ratios include students who receive GEDs. A mere 58 percent receive a traditional high school diploma within seven years.

This number is likely to decrease in the near future as the new requirement that students pass the state Regents exams is phased in. In 1998, the most recent data available, only 16 percent of City students would be able to pass all five parts of the exam, compared to 59 percent for the remainder of New York State.

City public school students also score lower on standardized tests. Even though only 35 percent on average took the SAT between 1996 and 1999, compared to 73 percent of New York State students, City students consistently scored about 40 points lower than the State average.

Students in elementary and middle schools fare no better. In 2000, only 41 percent scored at an acceptable performance level on the Citywide CTB-R reading test; only 33 percent performed acceptably on the CTB-M math test.

## Conclusion and Further Questions

There is a well-founded suspicion that the lack of money is the least of the Board of Education's (and our) problems. Money matters, but isn't everything. As now operated, many people think the system tolerates considerable waste and incompetence. There is in short a good deal of skepticism about whether the BOE, as it is presently structured and managed, is capable of delivering higher quality educational goods whatever resources are placed at its disposal.

This is not to say that more money might not help. But given the past record, the questions are who would it help—students, classroom teachers or the bureaucracy—and by how much? Conceivably, the problem with the schools might lie not in the aggregate sums of money involved—or not just in the size of these sums—but in the ways in which they are used.

Those interested in helping improve our public schools need to ask some very hard questions before they leap into committing potentially billions of dollars a year in additional finances. Can the current City educational system effectively use significant additional resources? What sort of reforms might aid the Board's ability to effectively deploy these resources? Should the Board shift budgeting authority to individual principals and schools? Could non-teaching expenses be significantly reduced? Should teacher training and hiring procedures be changed so that teacher quality is improved? Are other changes to the teacher contract needed to improve the quality of education? What role can and should market mechanisms like charter schools and vouchers play in the delivery of education to New York City children?

These questions and more have now been placed on the policy front burner by Justice DeGrasse's recent opinion in the *Fiscal Equity* case. Regardless of the eventual result of that case, both the City and State must now come to grips with their failure to provide hundreds of thousands of children with a decent education.



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## Civic Reports

| | | |
|---|---|---|
| 15 | CAMPAIGN 2000 TAX PROPOSALS: WHAT THEY MEAN FOR NEW YORKERS | EDMUND J. MCMAHON, JR. |
| 14 | THE EDUCATION FREEDOM INDEX | JAY P. GREENE |
| 13 | STATE OF THE NEW YORK CITY PUBLIC SCHOOLS | JOSEPH P. VITERITTI |
| 12 | THE EFFECT OF SCHOOL CHOICE: AN EVALUATION OF THE CHARLOTTE CHILDREN'S SCHOLARSHIP FUND PROGRAM | JAY P. GREENE |
| 11 | A SURVEY OF RESULTS FROM VOUCHER EXPERIMENTS: WHERE WE ARE AND WHAT WE KNOW | JAY P. GREENE |
| 10 | DOES CHARTER SCHOOL COMPETITION IMPROVE TRADITIONAL PUBLIC SCHOOLS? | PAUL TESKE AND MARK SCHNEIDER |

## Civic Bulletins

| | | |
|---|---|---|
| 25 | SCHOOL CHOICE AND GOVERNMENT REFORM: PILLARS OF AN URBAN RENAISSANCE | CORY A. BOOKER |
| 24 | MAKING WELFARE-TO-WORK FLY | PETER COVE |
| 23 | CHARTER SCHOOLS IN NEW YORK: A NEW ERA | AARON DARE |
| 22 | ACHIEVEMENT AND OPPORTUNITY: KEYS TO QUALITY EDUCATION | JEB BUSH |
| 21 | NEIGHBORHOOD GUIDANCE OFFICES: A NEW MODEL FOR HELPING THE LESS FORTUNATE | RALPH NUNEZ |
| 20 | WHY SCHOOL VOUCHERS CAN HELP INNER-CITY CHILDREN | KURT SCHMOKE |
| 19 | TRANSFORMING AMERICAN EDUCATION | LISA GRAHAM KEEGAN |

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